

106TH CONGRESS  
2D SESSION

# S. 2923

To amend title XIX and XXI of the Social Security Act to provide for FamilyCare coverage for parents of enrolled children, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 26, 2000

Mr. KENNEDY (for himself, Mr. ROCKEFELLER, Mr. DASCHLE, Mr. MOYNIHAN, Mr. REED, Mr. L. CHAFEE, Ms. COLLINS, Ms. SNOWE, Mr. BAUCUS, Mr. BREAUX, Mr. CONRAD, Mr. GRAHAM, Mr. BRYAN, Mr. KERREY, Mr. ROBB, Mr. INOUE, Mr. LAUTENBERG, Mr. AKAKA, Mr. SCHUMER, and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XIX and XXI of the Social Security Act to provide for FamilyCare coverage for parents of enrolled children, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “FamilyCare Act of 2000”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

- Sec. 2. Renaming of title XXI program.
- Sec. 3. FamilyCare coverage of parents under the medicaid program and title XXI.
- Sec. 4. Automatic enrollment of children born to title XXI parents.
- Sec. 5. Optional coverage of legal immigrants under the medicaid program and title XXI.
- Sec. 6. Optional coverage of children through age 20 under the medicaid program and title XXI.
- Sec. 7. Application of simplified title XXI procedures under the medicaid program.
- Sec. 8. Improving welfare-to-work transition under the medicaid program.
- Sec. 9. Elimination of 100 hour rule and other AFDC-related eligibility restrictions.
- Sec. 10. State grant program for market innovation.
- Sec. 11. Limitations on conflicts of interest.
- Sec. 12. Increase in CHIP allotment for each of fiscal years 2002 through 2004.
- Sec. 13. Demonstration programs to improve medicaid and chip outreach to homeless individuals and families.
- Sec. 14. Authority to pay medicaid expansion costs from title XXI appropriation.

**1 SEC. 2. RENAMING OF TITLE XXI PROGRAM.**

2 (a) IN GENERAL.—The heading of title XXI of the  
 3 Social Security Act (42 U.S.C. 1397aa et seq.) is amended  
 4 to read as follows:

5 “TITLE XXI—FAMILYCARE PROGRAM”.

6 (b) PROGRAM REFERENCES.—Any reference in any  
 7 provision of Federal law or regulation to “SCHIP” or  
 8 “State children’s health insurance program” under title  
 9 XXI of the Social Security Act shall be deemed a reference  
 10 to the FamilyCare program under such title.

**11 SEC. 3. FAMILYCARE COVERAGE OF PARENTS UNDER THE**  
**12 MEDICAID PROGRAM AND TITLE XXI.**

13 (a) INCENTIVES TO IMPLEMENT FAMILYCARE COV-  
 14 ERAGE.—

15 (1) UNDER MEDICAID.—

1 (A) ESTABLISHMENT OF NEW OPTIONAL  
 2 ELIGIBILITY CATEGORY.—Section  
 3 1902(a)(10)(A)(ii) of the Social Security Act  
 4 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

5 (i) by striking “or” at the end of sub-  
 6 clause (XVI);

7 (ii) by adding “or” at the end of sub-  
 8 clause (XVII); and

9 (iii) by adding at the end the fol-  
 10 lowing new subclause:

11 “(XVIII) who are parents de-  
 12 scribed in subsection (k)(1), but only  
 13 if the State meets the conditions de-  
 14 scribed in subsection (k)(2);”.

15 (B) CONDITIONS FOR COVERAGE.—Section  
 16 1902 of such Act is further amended by insert-  
 17 ing after subsection (j) the following new sub-  
 18 section:

19 “(k)(1)(A) Parents described in this paragraph are  
 20 the parents of an individual who is under 19 years of age  
 21 (or such higher age as the State may have elected under  
 22 section 1902(l)(1)(D)) and who is eligible and enrolled for  
 23 medical assistance under subsection (a)(10)(A), if—

24 “(i) such parents are not otherwise eligible for  
 25 such assistance under such subsection; and

1           “(ii) the income of the family that includes such  
2           parents does not exceed an income level specified by  
3           the State consistent with paragraph (2)(B).

4           “(B) In this subsection, the term ‘parent’ has the  
5           meaning given the term ‘caretaker’ for purposes of car-  
6           rying out section 1931.

7           “(2) The conditions for a State to provide medical  
8           assistance under subsection (a)(10)(A)(ii)(XVIII) are as  
9           follows:

10           “(A) The State has a State child health plan  
11           under title XXI which (whether implemented under  
12           such title or under this title)—

13                   “(i) has an income standard (or will estab-  
14                   lish an income standard that is effective at the  
15                   time additional allotments are available to the  
16                   State under section 2104(d), as amended by the  
17                   FamilyCare Act of 2000) for children that is at  
18                   least 200 percent of the poverty line; and

19                   “(ii) does not limit the acceptance of appli-  
20                   cations, does not use a waiting list for children  
21                   who meet eligibility standards to qualify for as-  
22                   sistance, and provides benefits to all children in  
23                   the State who apply for and meet eligibility  
24                   standards.

1           “(B) The income level specified under para-  
 2           graph (1)(A)(ii) for parents in a family exceeds the  
 3           income level applicable under section 1931 but does  
 4           not exceed the highest income level applicable to a  
 5           child in the family under this title. A State may not  
 6           cover such parents with higher family income with-  
 7           out covering parents with a lower family income.

8           “(3) In the case of a parent described in paragraph  
 9           (1) who is also the parent of a child who is eligible and  
 10          enrolled for child health assistance under title XXI, the  
 11          State may elect (on a uniform basis) to cover all such par-  
 12          ents under section 2111 or under subsection (a)(10)(A).”.

13                       (C) ENHANCED MATCHING FUNDS AVAIL-  
 14                       ABLE.—Section 1905 of such Act (42 U.S.C.  
 15                       1396d) is amended—

16                       (i) in the fourth sentence of sub-  
 17                       section (b), by striking “or subsection  
 18                       (u)(3)” and inserting “, (u)(3), or (u)(4)”;  
 19                       and

20                       (ii) in subsection (u)—

21                               (I) by redesignating paragraph  
 22                               (4) as paragraph (6), and

23                               (II) by inserting after paragraph  
 24                               (3) the following new paragraph:

1 “(4) For purposes of subsection (b) and section  
2 2105(a)(1):

3 “(A) FAMILYCARE PARENTS.—The expendi-  
4 tures described in this subparagraph are the fol-  
5 lowing:

6 “(i) PARENTS.—Expenditures for medical  
7 assistance made available under section 1931,  
8 or under section 1902(a)(10)(A)(ii)(XVIII) for  
9 parents described in section 1902(k)(1), in a  
10 family the income of which exceeds the income  
11 level applicable under such section 1931 to a  
12 family of the size involved as of January 1,  
13 2000.

14 “(ii) CERTAIN PREGNANT WOMEN.—Ex-  
15 penditures for medical assistance for pregnant  
16 women under section 1902(l)(1)(A) in a family  
17 the income of which exceeds the income level  
18 applicable under section 1902(l)(2)(A) to a  
19 family of the size involved as of January 1,  
20 2000.”.

21 (D) APPROPRIATION FROM TITLE XXI AL-  
22 LOTMENT FOR CERTAIN MEDICAID EXPANSION  
23 COSTS.—Subparagraph (C) of section  
24 2105(a)(1) of such Act, as inserted by section  
25 14(a)(3), is amended to read as follows:

1           “(C) FAMILYCARE PARENTS.—Expendi-  
 2           tures for medical assistance that is attributable  
 3           to expenditures described in section  
 4           1905(u)(4)(A).”.

5           (E) ONLY COUNTING ENHANCED PORTION  
 6           FOR COVERAGE OF ADDITIONAL PREGNANT  
 7           WOMEN.—Section 1905 of such Act (42 U.S.C.  
 8           1396d) is amended—

9                   (i) in the fourth sentence of sub-  
 10                  section (b), by inserting “(except in the  
 11                  case of expenditures described in sub-  
 12                  section (u)(5))” after “do not exceed”;

13                  (ii) in subsection (u), by inserting  
 14                  after paragraph (4) (as inserted by sub-  
 15                  paragraph (C)), the following new para-  
 16                  graph:

17           “(5) For purposes of the fourth sentence of sub-  
 18           section (b) and section 2105(a), the following payments  
 19           under this title do not count against a State’s allotment  
 20           under section 2104:

21           “(A) REGULAR FMAP FOR EXPENDITURES FOR  
 22           PREGNANT WOMEN WITH INCOME ABOVE JANUARY  
 23           1, 2000 INCOME LEVEL AND BELOW 185 PERCENT OF  
 24           POVERTY.—The portion of the payments made for  
 25           expenditures described in paragraph (4)(A)(ii) that

1 represents the amount that would have been paid if  
 2 the enhanced FMAP had not been substituted for  
 3 the Federal medical assistance percentage.”.

4 (2) UNDER TITLE XXI.—

5 (A) FAMILYCARE COVERAGE.—Title XXI  
 6 of such Act is amended by adding at the end  
 7 the following new section:

8 **“SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PAR-**  
 9 **ENTS OF TARGETED LOW-INCOME CHILDREN.**

10 “(a) OPTIONAL COVERAGE.—Notwithstanding any  
 11 other provision of this title, a State child health plan may  
 12 provide for coverage, through an amendment to its State  
 13 child health plan under section 2102, of FamilyCare as-  
 14 sistance for targeted low-income parents in accordance  
 15 with this section, but only if—

16 “(1) the State meets the conditions described in  
 17 section 1902(k)(2); and

18 “(2) the State elects to provide medical assist-  
 19 ance under section 1902(a)(10)(A)(ii)(XVIII) and  
 20 elects an applicable income limit that is not lower  
 21 than the limit described in subsection (b)(2)(A).

22 “(b) DEFINITIONS.—For purposes of this section:

23 “(1) FAMILYCARE ASSISTANCE.—The term  
 24 ‘FamilyCare assistance’ has the meaning given the  
 25 term child health assistance in section 2110(a) as if



any reference to targeted low-income children were  
a reference to targeted low-income parents.

“(2) TARGETED LOW-INCOME PARENT.—The  
term ‘targeted low-income parent’ has the meaning  
given the term targeted low-income child in section  
2110(b) as if the reference to a child were deemed  
a reference to a parent (as defined in paragraph (3))  
of the child; except that in applying such section—

“(A) there shall be substituted for the in-  
come limit described in paragraph (1)(B)(ii)(I)  
the applicable income limit in effect for a tar-  
geted low-income child;

“(B) in paragraph (3), January 1, 2000,  
shall be substituted for July 1, 1997; and

“(C) in paragraph (4), January 1, 2000,  
shall be substituted for March 31, 1997.

“(3) PARENT.—The term ‘parent’ has the  
meaning given the term ‘caretaker’ for purposes of  
carrying out section 1931.

“(4) OPTIONAL TREATMENT OF PREGNANT  
WOMEN AS PARENTS.—A State child health plan  
may treat a pregnant woman who is not otherwise  
a parent as a targeted low-income parent for pur-  
poses of this section but only if the State has estab-  
lished an income level under section 1902(l)(2)(A)(i)

1 for pregnant women that is at least 185 percent of  
 2 the income official poverty line described in such sec-  
 3 tion.

4 “(c) REFERENCES TO TERMS AND SPECIAL  
 5 RULES.—In the case of, and with respect to, a State pro-  
 6 viding for coverage of FamilyCare assistance to targeted  
 7 low-income parents under subsection (a), the following  
 8 special rules apply:

9 “(1) Any reference in this title (other than sub-  
 10 section (b)) to a targeted low-income child is deemed  
 11 to include a reference to a targeted low-income par-  
 12 ent.

13 “(2) Any such reference to child health assist-  
 14 ance with respect to such parents is deemed a ref-  
 15 erence to FamilyCare assistance.

16 “(3) In applying section 2103(e)(3)(B) in the  
 17 case of a family provided coverage under this sec-  
 18 tion, the limitation on total annual aggregate cost-  
 19 sharing shall be applied to the entire family.

20 “(4) In applying section 2110(b)(4), any ref-  
 21 erence to ‘section 1902(l)(2) or 1905(n)(2) (as se-  
 22 lected by a State)’ is deemed a reference to the in-  
 23 come level applicable to parents under section 1931,  
 24 or, in the case of a pregnant woman described in

1 subsection (b)(4), the income level established under  
 2 section 1902(l)(2)(A).”.

3 (B) ADDITIONAL ALLOTMENT FOR STATES  
 4 PROVIDING FAMILYCARE.—

5 (i) IN GENERAL.—Section 2104 of  
 6 such Act (42 U.S.C. 1397dd), as amended  
 7 by section 14(b), is amended by inserting  
 8 after subsection (c) the following new sub-  
 9 section:

10 “(d) ADDITIONAL ALLOTMENTS FOR STATE PRO-  
 11 VIDING FAMILYCARE.—

12 “(1) APPROPRIATION; TOTAL ALLOTMENT.—  
 13 For the purpose of providing additional allotments  
 14 to States electing to provide FamilyCare coverage  
 15 under section 2111, there is appropriated, out of any  
 16 money in the Treasury not otherwise appropriated—

17 “(A) for fiscal year 2002, \$2,000,000,000;

18 “(B) for fiscal year 2003, \$2,000,000,000;

19 “(C) for fiscal year 2004, \$3,000,000,000;

20 “(D) for fiscal year 2005, \$3,000,000,000;

21 “(E) for fiscal year 2006, \$6,000,000,000;

22 “(F) for fiscal year 2007, \$7,000,000,000;

23 “(G) for fiscal year 2008, \$8,000,000,000;

24 “(H) for fiscal year 2009, \$9,000,000,000;

1           “(I) for fiscal year 2010, \$10,000,000,000;  
2           and

3           “(J) for fiscal year 2011 and each fiscal  
4           year thereafter, the amount of the allotment  
5           provided under this paragraph for the preceding  
6           fiscal year increased by the percentage increase  
7           (if any) in the medical care expenditure cat-  
8           egory of the Consumer Price Index for All  
9           Urban Consumers (United States city average).

10          “(2) STATE AND TERRITORIAL ALLOTMENTS.—

11           “(A) IN GENERAL.—In addition to the al-  
12           lotments provided under subsections (b) and  
13           (c), subject to paragraph (3), of the amount  
14           available for the additional allotments under  
15           paragraph (1) for a fiscal year, the Secretary  
16           shall allot to each State with a State child  
17           health plan approved under this title and which  
18           has elected to provide coverage under section  
19           2111 during the fiscal year—

20           “(i) in the case of such a State other  
21           than a commonwealth or territory de-  
22           scribed in clause (ii), the same proportion  
23           as the proportion of the State’s allotment  
24           under section 2104(b) (determined without  
25           regard to section 2104(f)) to 98.95 percent

1 of the total amount of the allotments  
2 under such section for such States eligible  
3 for an allotment under this subparagraph  
4 for such fiscal year; and

5 “(ii) in the case of a commonwealth or  
6 territory described in section 2104(c)(3),  
7 the same proportion as the proportion of  
8 the commonwealth’s or territory’s allot-  
9 ment under section 2104(c) (determined  
10 without regard to section 2104(f)) to 1.05  
11 percent of the total amount of the allot-  
12 ments under such section for common-  
13 wealths and territories eligible for an allot-  
14 ment under this subparagraph for such fis-  
15 cal year.

16 “(B) REDISTRIBUTION OF UNUSED ALLOT-  
17 MENTS.—In applying subsection (f) with re-  
18 spect to additional allotments made available  
19 under this subsection, the procedures estab-  
20 lished under such subsection shall ensure such  
21 additional allotments are only made available to  
22 States which have elected to provide coverage  
23 under section 2111.

24 “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-  
25 tional allotments provided under this subsection are

not available for amounts expended before October 1, 2001. Such amounts are available for amounts expended on or after such date for child health assistance for targeted low-income children, as well as for FamilyCare assistance.”.

(ii) CONFORMING AMENDMENTS.—

Section 2104 of such Act (42 U.S.C. 1397dd), as amended by section 14(d)(3), is further amended—

(I) in subsection (a), by inserting

“subject to subsection (d),” after  
“under this section,”;

(II) in subsection (b)(1), by in-

serting “and subsection (d)” after  
“Subject to paragraph (4)”; and

(III) in subsection (c)(1), by in-

serting “subject to subsection (d),”  
after “for a fiscal year,”.

(C) NO COST-SHARING FOR PREGNANCY-

RELATED BENEFITS.—Section 2103(e)(2) of  
such Act (42 U.S.C. 1397cc(e)(2)) is  
amended—

(i) in the heading, by inserting “AND

PREGNANCY-RELATED SERVICES” after

“PREVENTIVE SERVICES”; and

1 (ii) by inserting before the period at  
 2 the end the following: “and for pregnancy-  
 3 related services”.

4 (3) EFFECTIVE DATE.—The amendments made  
 5 by this subsection apply to items and services fur-  
 6 nished on or after October 1, 2000.

7 (b) RULES FOR IMPLEMENTATION BEGINNING WITH  
 8 FISCAL YEAR 2006.—

9 (1) REQUIRED COVERAGE OF FAMILYCARE PAR-  
 10 ENTS.—Section 1902(a)(10)(A)(i) of the Social Se-  
 11 curity Act (42 U.S.C. 1396a(a)(10)(A)(i)) is  
 12 amended—

13 (A) by striking “or” at the end of sub-  
 14 clause (VI);

15 (B) by striking the semicolon at the end of  
 16 subclause (VII) and insert “, or”; and

17 (C) by adding at the end the following new  
 18 subclause:

19 “(VIII) who would be parents de-  
 20 scribed in subsection (k)(1) if the in-  
 21 come level specified in subsection  
 22 (k)(2)(B) were equal to at least 100  
 23 percent of the poverty line referred to  
 24 in such subsection;”.

1           (2) EXPANSION OF AVAILABILITY OF EN-  
 2           HANCED MATCH UNDER MEDICAID FOR PRE-CHIP  
 3           EXPANSIONS.—Paragraph (4) of section 1905(u) of  
 4           such Act (42 U.S.C. 1396d(u)), as inserted by sub-  
 5           section (a)(1)(C), is amended—

6                   (A) by amending clause (ii) of subpara-  
 7           graph (A) to read as follows:

8                   “(ii) CERTAIN PREGNANT WOMEN.—Ex-  
 9           penditures for medical assistance for pregnant  
 10          women under section 1902(l)(1)(A) in a family  
 11          the income of which exceeds the 133 percent of  
 12          the income official poverty line.”; and

13                   (B) by adding at the end the following new  
 14          subparagraphs:

15                   “(B) PARENTS WITH INCOME ABOVE 100 PER-  
 16          CENT OF POVERTY BUT BELOW JANUARY 1, 2000 IN-  
 17          COME LEVEL.—The expenditures described in this  
 18          subparagraph are expenditures for medical assist-  
 19          ance made available for any parents described in  
 20          section 1902(a)(10)(A)(i)(VIII), whose income ex-  
 21          ceeds 100 percent of the income official poverty line  
 22          applicable to a family of the size involved but does  
 23          not exceed the applicable income level established  
 24          under this title (under section 1931 or otherwise) for



1 a parent in a family of the size involved as of Janu-  
 2 ary 1, 2000.

3 “(C) CHILDREN IN FAMILIES WITH INCOME  
 4 ABOVE MEDICAID MANDATORY LEVEL NOT PRE-  
 5 VIOUSLY DESCRIBED.—The expenditures described  
 6 in this subparagraph are expenditures (other than  
 7 expenditures described in paragraph (2) or (3)) for  
 8 medical assistance made available to any child who  
 9 is eligible for assistance under section  
 10 1902(a)(10)(A) and the income of whose family ex-  
 11 ceeds the minimum income level required under sub-  
 12 section 1902(l)(2) for a child of the age involved  
 13 (treating any child who is 19 or 20 years of age as  
 14 being 18 years of age).”.

15 (3) OFFSET OF ADDITIONAL EXPENDITURES  
 16 FOR ENHANCED MATCH FOR PRE-CHIP EXPANSION;  
 17 ELIMINATION OF OFFSET FOR REQUIRED COVERAGE  
 18 OF FAMILYCARE PARENTS.—

19 (A) IN GENERAL.—Section 1905(u)(5) of  
 20 such Act (42 U.S.C. 1396d(u)(5)), as added by  
 21 subsection (a)(1)(E), is amended—

22 (i) by amending subparagraph (A) to  
 23 read as follows:

24 “(A) REGULAR FMAP FOR EXPENDITURES FOR  
 25 PREGNANT WOMEN WITH INCOME ABOVE 133 PER-

1       CENT OF POVERTY.—The portion of the payments  
 2       made for expenditures described in paragraph  
 3       (4)(A)(ii) that represents the amount that would  
 4       have been paid if the enhanced FMAP had not been  
 5       substituted for the Federal medical assistance per-  
 6       centage.”; and

7                               (ii) by adding at the end the following  
 8       new subparagraphs:

9               “(B) FAMILYCARE PARENTS UNDER 100 PER-  
 10       CENT OF POVERTY.—Payments for expenditures de-  
 11       scribed in paragraph (4)(A)(i) in the case of parents  
 12       whose income does not exceed 100 percent of the in-  
 13       come official poverty line applicable to a family of  
 14       the size involved.

15              “(C) REGULAR FMAP FOR EXPENDITURES FOR  
 16       PARENTS WITH INCOME ABOVE 100 PERCENT OF  
 17       POVERTY BUT BELOW JANUARY 1, 2000 INCOME  
 18       LEVEL.—The portion of the payments made for ex-  
 19       penditures described in paragraph (4)(B) that rep-  
 20       resents the amount that would have been paid if the  
 21       enhanced FMAP had not been substituted for the  
 22       Federal medical assistance percentage.

23              “(D) REGULAR FMAP FOR EXPENDITURES FOR  
 24       CERTAIN CHILDREN IN FAMILIES WITH INCOME  
 25       ABOVE MEDICAID MANDATORY LEVEL.—The portion

1 of the payments made for expenditures described in  
 2 paragraph (4)(C) that represents the amount that  
 3 would have been paid if the enhanced FMAP had  
 4 not been substituted for the Federal medical assist-  
 5 ance percentage.”.

6 (B) CONFORMING AMENDMENTS.—Sub-  
 7 paragraph (C) of section 2105(a)(1) of such  
 8 Act, as inserted by section 14(a)(3) and as  
 9 amended by subsection (a)(1)(D), is amended  
 10 to read as follows:

11 “(C) CERTAIN FAMILYCARE PARENTS AND  
 12 OTHERS.—Expenditures for medical assistance  
 13 that is attributable to expenditures described in  
 14 section 1905(u)(4), except as provided in sec-  
 15 tion 1905(u)(5).”.

16 (3) EFFECTIVE DATE.—The amendments made  
 17 by this subsection apply as of October 1, 2005, to  
 18 fiscal years beginning on or after such date and to  
 19 expenditures under the State plan on and after such  
 20 date.

21 (c) MAKING TITLE XXI BASE ALLOTMENTS PERMA-  
 22 NENT.—Section 2104(a) of such Act (42 U.S.C.  
 23 1397dd(a)) is amended—

24 (1) by striking “and” at the end of paragraph  
 25 (9);

1           (2) by striking the period at the end of para-  
2           graph (10) and inserting “; and”; and

3           (3) by adding at the end the following new  
4           paragraph:

5           “(11) for fiscal year 2008 and each fiscal year  
6           thereafter, the amount of the allotment provided  
7           under this subsection for the preceding fiscal year  
8           increased by the percentage increase (if any) in the  
9           medical care expenditure category of the Consumer  
10          Price Index for All Urban Consumers (United States  
11          city average).”.

12          (d) OPTIONAL APPLICATION OF PRESUMPTIVE ELI-  
13          GIBILITY PROVISIONS TO PARENTS.—Section 1920A of  
14          such Act (42 U.S.C. 1396r–1a) is amended by adding at  
15          the end the following new subsection:

16          “(e) In accordance with regulations, a State may  
17          elect to apply the previous provisions of this section to pro-  
18          vide for a period of presumptive eligibility for medical as-  
19          sistance for a parent of a child with respect to whom such  
20          a period is provided under this section.”.

21          (e) CONFORMING AMENDMENTS.—

22               (1)       ELIGIBILITY       CATEGORIES.—Section  
23          1905(a) of such Act (42 U.S.C. 1396d(a)) is amend-  
24          ed, in the matter before paragraph (1)—

1 (A) by striking “or” at the end of clause  
2 (xi);

3 (B) by inserting “or” at the end of clause  
4 (xii); and

5 (C) by inserting after clause (xii) the fol-  
6 lowing new clause:

7 “(xiii) who are parents described (or treated as  
8 if described) in section 1902(k)(1),”.

9 (2) INCOME LIMITATIONS.—Section 1903(f)(4)  
10 of such Act (42 U.S.C. 1396b(f)(4))—

11 (A) effective October 1, 2005, by inserting  
12 “1902(a)(10)(A)(i)(VIII),” after  
13 “1902(a)(10)(A)(i)(VII),”; and

14 (B) by inserting  
15 “1902(a)(10)(A)(ii)(XVII),  
16 1902(a)(10)(A)(ii)(XVIII),” after  
17 “1902(a)(10)(A)(ii)(XVI),”.

18 (3) CONFORMING AMENDMENT RELATING TO  
19 NO WAITING PERIOD FOR CERTAIN WOMEN.—Section  
20 2102(b)(1)(B) of such Act (42 U.S.C.  
21 1397bb(b)(1)(B)) is amended—

22 (A) by striking “, and” at the end of  
23 clause (i) and inserting a semicolon;

24 (B) by striking the period at the end of  
25 clause (ii) and inserting “; and”; and

1 (C) by adding at the end the following new  
 2 clause:

3 “(iii) may not apply a waiting period  
 4 (including a waiting period to carry out  
 5 paragraph (3)(C)) in the case of targeted  
 6 low-income women who are pregnant.”.

7 **SEC. 4. AUTOMATIC ENROLLMENT OF CHILDREN BORN TO**  
 8 **TITLE XXI PARENTS.**

9 Section 2102(b)(1) of the Social Security Act (42  
 10 U.S.C. 1397bb(b)(1)) is amended by adding at the end  
 11 the following new subparagraph:

12 “(C) AUTOMATIC ELIGIBILITY OF CHIL-  
 13 DREN BORN TO A PARENT BEING PROVIDED  
 14 FAMILYCARE.—Such eligibility standards shall  
 15 provide for automatic coverage of a child born  
 16 to an individual who is provided assistance  
 17 under this title in the same manner as medical  
 18 assistance would be provided under section  
 19 1902(e)(4) to a child described in such sec-  
 20 tion.”.

21 **SEC. 5. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**  
 22 **UNDER THE MEDICAID PROGRAM AND TITLE**  
 23 **XXI.**

24 (a) MEDICAID PROGRAM.—Section 1903(v) of the  
 25 Social Security Act (42 U.S.C. 1396b(v)) is amended—

1 (1) in paragraph (1), by striking “paragraph  
2 (2)” and inserting “paragraphs (2) and (4)”; and

3 (2) by adding at the end the following new  
4 paragraph:

5 “(4)(A) A State may elect (in a plan amendment  
6 under this title) to provide medical assistance under this  
7 title, notwithstanding sections 401(a), 402(b), 403, and  
8 421 of the Personal Responsibility and Work Opportunity  
9 Reconciliation Act of 1996, for aliens who are lawfully re-  
10 siding in the United States (including battered aliens de-  
11 scribed in section 431(c) of such Act) and who are other-  
12 wise eligible for such assistance, within any of the fol-  
13 lowing eligibility categories:

14 “(i) PREGNANT WOMEN.—Women during preg-  
15 nancy (and during the 60-day period beginning on  
16 the last day of the pregnancy).

17 “(ii) CHILDREN.—Children (as defined under  
18 such plan), including optional targeted low-income  
19 children described in section 1905(u)(2)(B).

20 “(iii) PARENTS.—If the State has elected the  
21 eligibility category described in clause (ii), caretaker  
22 relatives who are parents (as defined by the State)  
23 of children (described in such clause or otherwise)  
24 who are eligible for medical assistance under the  
25 plan.

1       “(B) In the case of a State that has elected to provide  
 2 medical assistance to a category of aliens under subpara-  
 3 graph (A), no action may be brought under an affidavit  
 4 of support against any sponsor of such an alien on the  
 5 basis of provision of assistance to such category.”.

6       (b) TITLE XXI.—Section 2107(e)(1) of such Act (42  
 7 U.S.C. 1397gg(e)(1)) is amended by adding at the end  
 8 the following new subparagraph:

9               “(D) Section 1903(v)(4) (relating to op-  
 10 tional coverage of categories of permanent resi-  
 11 dent alien children and parents), but only, with  
 12 respect to an eligibility category under this title,  
 13 if the same eligibility category has been elected  
 14 under such section for purposes of title XIX.”.

15       (c) EFFECTIVE DATE.—The amendments made by  
 16 this section take effect on October 1, 2000, and apply to  
 17 medical assistance and child health assistance furnished  
 18 on or after such date.

19 **SEC. 6. OPTIONAL COVERAGE OF CHILDREN THROUGH AGE**  
 20 **20 UNDER THE MEDICAID PROGRAM AND**  
 21 **TITLE XXI.**

22       (a) MEDICAID.—

23               (1) IN GENERAL.—Section 1902(l)(1)(D) of the  
 24 Social Security Act (42 U.S.C. 1396a(l)(1)(D)) is  
 25 amended by inserting “(or, at the election of a



1 State, 20 or 21 years of age)” after “19 years of  
2 age”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Section 1902(e)(3)(A) of such Act (42  
5 U.S.C. 1396a(e)(3)(A)) is amended by inserting  
6 “(or 1 year less than the age the State has  
7 elected under subsection (l)(1)(D))” after “18  
8 years of age”.

9 (B) Section 1902(e)(12) of such Act (42  
10 U.S.C. 1396a(e)(12)) is amended by inserting  
11 “or such higher age as the State has elected  
12 under subsection (l)(1)(D)” after “19 years of  
13 age”.

14 (C) Section 1902(l)(5) of such Act (42  
15 U.S.C. 1396a(l)(5)), as added by section  
16 7(a)(2), is amended by inserting “(or such  
17 higher age as the State has elected under para-  
18 graph (1)(D))” after “19 years of age”.

19 (D) Section 1920A(b)(1) of such Act (42  
20 U.S.C. 1396r–1a(b)(1)) is amended by insert-  
21 ing “or such higher age as the State has elected  
22 under section 1902(l)(1)(D)” after “19 years of  
23 age”.

24 (E) Section 1928(h)(1) of such Act (42  
25 U.S.C. 1396s(h)(1)) is amended by inserting

1 “or 1 year less than the age the State has elect-  
 2 ed under section 1902(l)(1)(D))” before the pe-  
 3 riod at the end.

4 (F) Section 1932(a)(2)(A) of such Act (42  
 5 U.S.C. 1396u-2(a)(2)(A)) is amended by in-  
 6 serting “(or such higher age as the State has  
 7 elected under section 1902(l)(1)(D))” after “19  
 8 years of age”.

9 (b) TITLE XXI.—Section 2110(c)(1) of such Act (42  
 10 U.S.C. 1397jj(c)(1)) is amended by inserting “(or such  
 11 higher age as the State has elected under section  
 12 1902(l)(1)(D))”.

13 (c) EFFECTIVE DATE.—The amendments made by  
 14 this section take effect on October 1, 2000, and apply to  
 15 medical assistance and child health assistance provided on  
 16 or after such date.

17 **SEC. 7. APPLICATION OF SIMPLIFIED TITLE XXI PROCE-**  
 18 **DURES UNDER THE MEDICAID PROGRAM.**

19 (a) APPLICATION UNDER MEDICAID.—

20 (1) IN GENERAL.—Section 1902(l) of the Social  
 21 Security Act (42 U.S.C. 1396a(l)) is amended—

22 (A) in paragraph (3), by inserting “subject  
 23 to paragraph (5)”, after “Notwithstanding sub-  
 24 section (a)(17),”; and

1 (B) by adding at the end the following new  
 2 paragraph:

3 “(5) With respect to determining the eligibility of in-  
 4 dividuals under 19 years of age (or such higher age as  
 5 the State has elected under paragraph (1)(D)) for medical  
 6 assistance under subsection (a)(10)(A) and, separately,  
 7 with respect to determining the eligibility of individuals  
 8 for medical assistance under subsection  
 9 (a)(10)(A)(i)(VIII) or (a)(10)(A)(ii)(XVIII), notwith-  
 10 standing any other provision of this title, if the State has  
 11 established a State child health plan under title XXI—

12 “(A) the State may not apply a resource stand-  
 13 ard if the State does not apply such a standard  
 14 under such child health plan with respect to such in-  
 15 dividuals;

16 “(B) the State shall use the same simplified eli-  
 17 gibility form (including, if applicable, permitting ap-  
 18 plication other than in person) as the State uses  
 19 under such State child health plan with respect to  
 20 such individuals;

21 “(C) the State shall provide for initial eligibility  
 22 determinations and redeterminations of eligibility  
 23 using the same verification policies, forms, and fre-  
 24 quency as the State uses for such purposes under

1 such State child health plan with respect to such in-  
 2 dividuals; and

3 “(D) the State shall not require a face-to-face  
 4 interview for purposes of initial eligibility determina-  
 5 tions and redeterminations unless the State requires  
 6 such an interview for such purposes under such child  
 7 health plan with respect to such individuals.”.

8 (2) EFFECTIVE DATE.—The amendments made  
 9 by paragraph (1) apply to determinations of eligi-  
 10 bility made on or after the date that is 1 year after  
 11 the date of the enactment of this Act.

12 (b) ADDITIONAL ENTITIES QUALIFIED TO DETER-  
 13 MINE MEDICAID PRESUMPTIVE ELIGIBILITY FOR LOW-IN-  
 14 COME CHILDREN.—

15 (1) IN GENERAL.—Section 1920A(b)(3)(A)(i) of  
 16 such Act (42 U.S.C. 1396r-1a(b)(3)(A)(i)) is  
 17 amended—

18 (A) by striking “or (II)” and inserting “,  
 19 (II)”; and

20 (B) by inserting “eligibility of a child for  
 21 medical assistance under the State plan under  
 22 this title, or eligibility of a child for child health  
 23 assistance under the program funded under  
 24 title XXI, (III) is an elementary school or sec-  
 25 ondary school, as such terms are defined in sec-

tion 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), an elementary or secondary school operated or supported by the Bureau of Indian Affairs, a State child support enforcement agency, a child care resource and referral agency, an organization that is providing emergency food and shelter under a grant under the Stewart B. McKinney Homeless Assistance Act, or a State office or entity involved in enrollment in the program under this title, under part A of title IV, under title XXI, or that determines eligibility for any assistance or benefits provided under any program of public or assisted housing that receives Federal funds, including the program under section 8 or any other section of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), or (IV) any other entity the State so deems, as approved by the Secretary” before the semicolon.

(2) TECHNICAL AMENDMENTS.—Section 1920A of such Act (42 U.S.C. 1396r–1a) is amended—

(A) in subsection (b)(3)(A)(ii), by striking “paragraph (1)(A)” and inserting “paragraph (2)(A)”; and

1 (B) in subsection (c)(2), in the matter pre-  
 2 ceding subparagraph (A), by striking “sub-  
 3 section (b)(1)(A)” and inserting “subsection  
 4 (b)(2)(A)”.

5 (3) APPLICATION TO PRESUMPTIVE ELIGIBILITY  
 6 FOR PREGNANT WOMEN UNDER MEDICAID.—Section  
 7 1920(b) of such Act (42 U.S.C. 1396r–1(b)) is  
 8 amended by adding at the end after and below para-  
 9 graph (2) the following flush sentence:  
 10 “The term ‘qualified provider’ includes a qualified entity  
 11 as defined in section 1920A(b)(3).”.

12 (4) APPLICATION UNDER TITLE XXI.—

13 (A) IN GENERAL.—Section 2107(e)(1) of  
 14 such Act (42 U.S.C. 1397gg(e)(1)), as amended  
 15 by section 5(b), is amended by adding at the  
 16 end the following new subparagraph:

17 “(E) Sections 1920 and 1920A (relating to  
 18 presumptive eligibility).”.

19 (B) EXCEPTION FROM LIMITATION ON AD-  
 20 MINISTRATIVE EXPENSES.—Section 2105(c)(2)  
 21 of such Act (42 U.S.C. 1397ee(c)(2)) is amend-  
 22 ed by adding at the end the following new sub-  
 23 paragraph:

24 “(C) EXCEPTION FOR PRESUMPTIVE ELI-  
 25 GIBILITY EXPENDITURES.—The limitation

1           under subparagraph (A) on expenditures shall  
 2           not apply to expenditures attributable to the  
 3           application of section 1920A (pursuant to sec-  
 4           tion 2107(e)(1)(E)), regardless of whether the  
 5           child is determined to be ineligible for the pro-  
 6           gram under this title or title XIX.”.

7           (c) AUTOMATIC REASSESSMENT OF ELIGIBILITY FOR  
 8   TITLE XXI AND MEDICAID BENEFITS FOR CHILDREN  
 9   LOSING MEDICAID OR TITLE XXI ELIGIBILITY.—

10           (1) LOSS OF MEDICAID ELIGIBILITY.—Section  
 11   1902(a) of the Social Security Act (42 U.S.C.  
 12   1396a(a)) is amended—

13           (A) by striking the period at the end of  
 14   paragraph (65) and inserting “; and”, and

15           (B) by inserting after paragraph (65) the  
 16   following new paragraph:

17           “(66) provide, by not later than the first day of  
 18   the first month that begins more than 1 year after  
 19   the date of the enactment of this paragraph and in  
 20   the case of a State with a State child health plan  
 21   under title XXI, that before medical assistance to a  
 22   child (or a parent of a child) is discontinued under  
 23   this title, a determination of whether the child (or  
 24   parent) is eligible for benefits under title XXI shall  
 25   be made and, if determined to be so eligible, the

1 child (or parent) shall be automatically enrolled in  
 2 the program under such title without the need for a  
 3 new application.”.

4 (2) LOSS OF TITLE XXI ELIGIBILITY.—Section  
 5 2102(b)(3) (42 U.S.C. 1397bb(b)(3)) is amended by  
 6 redesignating subparagraphs (D) and (E) as sub-  
 7 paragraphs (E) and (F), respectively, and by insert-  
 8 ing after subparagraph (C) the following new sub-  
 9 paragraph:

10 “(D) that before health assistance to a  
 11 child (or a parent of a child) is discontinued  
 12 under this title, a determination of whether the  
 13 child (or parent) is eligible for benefits under  
 14 title XIX is made and, if determined to be so  
 15 eligible, the child (or parent) is automatically  
 16 enrolled in the program under such title with-  
 17 out the need for a new application;”.

18 (3) EFFECTIVE DATE.—The amendments made  
 19 by paragraphs (1) and (2) apply to individuals who  
 20 lose eligibility under the medicaid program under  
 21 title XIX, or under a State child health insurance  
 22 plan under title XXI, respectively, of the Social Se-  
 23 curity Act on or after the date that is 60 days after  
 24 the date of the enactment of this Act.



1 (d) PROVISION OF MEDICAID AND CHIP APPLICA-  
 2 TIONS AND INFORMATION UNDER THE SCHOOL LUNCH  
 3 PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell  
 4 National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is  
 5 amended—

6 (1) by striking “(B) Applications” and inserting  
 7 “(B)(i) Applications”; and

8 (2) by adding at the end the following new  
 9 clause:

10 “(ii)(I) Applications for free and reduced price  
 11 lunches that are distributed pursuant to clause (i) to par-  
 12 ents or guardians of children in attendance at schools par-  
 13 ticipating in the school lunch program under this Act shall  
 14 also contain information on the availability of medical as-  
 15 sistance under title XIX of the Social Security Act (42  
 16 U.S.C. 1396 et seq.) (commonly referred to as the ‘med-  
 17 icaid program’) and of child health assistance under title  
 18 XXI of such Act (commonly referred to as ‘CHIP’), in-  
 19 cluding information on how to obtain an application for  
 20 assistance under such program.

21 “(II) Information on the medicaid program and  
 22 CHIP under subclause (I) shall be provided on a form sep-  
 23 arate from the application form for free and reduced price  
 24 lunches under clause (i).”.

1 **SEC. 8. IMPROVING WELFARE-TO-WORK TRANSITION**  
 2 **UNDER THE MEDICAID PROGRAM.**

3 (a) MAKING PROVISION PERMANENT.—

4 (1) IN GENERAL.—Subsection (f) of section  
 5 1925 of the Social Security Act (42 U.S.C. 1396r–  
 6 6) is repealed.

7 (2) CONFORMING AMENDMENT.—Section  
 8 1902(e)(1) of such Act (42 U.S.C. 1396a(e)(1)) is  
 9 repealed.

10 (b) STATE OPTION OF INITIAL 12-MONTH ELIGI-  
 11 BILITY.—Section 1925 of such Act (42 U.S.C. 1396r–6)  
 12 is amended—

13 (1) in subsection (a), by adding at the end the  
 14 following new paragraph:

15 “(5) OPTION OF 12-MONTH INITIAL ELIGIBILITY  
 16 PERIOD.—A State may elect to treat any reference  
 17 in this subsection to a 6-month period (or 6 months)  
 18 as a reference to a 12-month period (or 12 months).  
 19 In the case of such an election, subsection (b) shall  
 20 not apply.”; and

21 (2) in subsection (b)(1), by inserting “and sub-  
 22 section (a)(5)” after “paragraph (3)”.

23 (c) SIMPLIFICATION OPTIONS.—

24 (1) REMOVAL OF ADMINISTRATIVE REPORTING  
 25 REQUIREMENTS FOR ADDITIONAL 6-MONTH EXTEN-

SION.—Section 1925(b)(2) of such Act (42 U.S.C. 1396r–6(b)(2)) is amended—

(A) by striking subparagraph (B);

(B) in subparagraph (A)(i)—

(i) by striking “(I)” and all that follows through “(II)” and inserting “(i)”;

(ii) by striking “, and (III)” and inserting “and (ii)”;

(iii) by redesignating such subparagraph as subparagraph (A) (with appropriate indentation); and

(C) in subparagraph (A)(ii)—

(i) by striking “notify the family of the reporting requirement under subparagraph (B)(ii) and” and inserting “provide the family with notification of”; and

(ii) by redesignating such subparagraph as subparagraph (B) (with appropriate indentation).

(2) REMOVAL OF REQUIREMENT FOR PREVIOUS RECEIPT OF MEDICAL ASSISTANCE.—Section 1925(a)(1) of such Act (42 U.S.C. 1396r–6(a)(1)) is amended—

(A) by redesignating the matter after “REQUIREMENT.—” as a subparagraph (A) with

the heading “IN GENERAL.—” and with appropriate indentation; and

(B) by adding at the end the following new subparagraph:

“(B) STATE OPTION TO WAIVE REQUIREMENT FOR PREVIOUS RECEIPT OF MEDICAL ASSISTANCE.—A State may elect to apply subparagraph (A) to any family whose eligibility for assistance under section 1931 would otherwise terminate because of hours of, or income from, employment, without regard to the period of previous receipt of assistance or aid.”.

(3) PERMITTING INCREASE OR WAIVER OF 185 PERCENT OF POVERTY EARNING LIMIT.—Section 1925(b)(3)(A)(iii)(III) of such Act (42 U.S.C. 1396r-6(b)(3)(A)(iii)(III)) is amended—

(A) by inserting “(at its option)” after “the State”; and

(B) by inserting “(or such higher percent as the State may specify)” after “185 percent”.

(4) EXEMPTION FOR STATES COVERING NEEDY FAMILIES UP TO 185 PERCENT OF POVERTY.—Section 1925 of such Act (42 U.S.C. 1396r-6), as amended by subsection (a), is amended—

1 (A) in each of subsections (a)(1) and  
 2 (b)(1), by inserting “but subject to subsection  
 3 (f),” after “Notwithstanding any other provi-  
 4 sion of this title,”; and

5 (B) by adding at the end the following new  
 6 subsection:

7 “(f) EXEMPTION FOR STATE COVERING NEEDY  
 8 FAMILIES UP TO 185 PERCENT OF POVERTY.—

9 “(1) IN GENERAL.—At State option, the provi-  
 10 sions of this section shall not apply to a State that  
 11 uses the authority under section 1931(b)(2)(C) to  
 12 make medical assistance available under the State  
 13 plan under this title, at a minimum, to all individ-  
 14 uals described in section 1931(b)(1) in families with  
 15 gross incomes (determined without regard to work-  
 16 related child care expenses of such individuals) at or  
 17 below 185 percent of the income official poverty line  
 18 (as defined by the Office of Management and Budg-  
 19 et, and revised annually in accordance with section  
 20 673(2) of the Omnibus Budget Reconciliation Act of  
 21 1981) applicable to a family of the size involved.

22 “(2) APPLICATION TO OTHER PROVISIONS OF  
 23 THIS TITLE.—The State plan of a State described in  
 24 paragraph (1) shall be deemed to meet the require-

1       ments of sections 1902(a)(10)(A)(i)(I) and  
2       1902(e)(1).”.

3       (d) EFFECTIVE DATE.—The amendments made by  
4 this section take effect on October 1, 2000.

5       **SEC. 9. ELIMINATION OF 100 HOUR RULE AND OTHER**  
6                               **AFDC-RELATED ELIGIBILITY RESTRICTIONS.**

7       (a) IN GENERAL.—Section 1931(b)(1)(A)(ii) of the  
8 Social Security Act (42 U.S.C. 1396u–1(b)(1)(A)(ii)) is  
9 amended by inserting “other than the requirement that  
10 the child be deprived of parental support or care by reason  
11 of the death, continued absence from the home, incapacity,  
12 or unemployment of a parent,” after “section 407(a),”.

13       (b) CONFORMING AMENDMENT.—Section 1905(a) of  
14 such Act (42 U.S.C. 1396d(a)) is amended, in the matter  
15 before paragraph (1), in clause (ii), by striking “if such  
16 child is (or would, if needy, be) a dependent child under  
17 part A of title IV”.

18       (c) EFFECTIVE DATE.—The amendments made by  
19 this section apply to eligibility determinations made on or  
20 after October 1, 2000.

21       **SEC. 10. STATE GRANT PROGRAM FOR MARKET INNOVA-**  
22                               **TION.**

23       (a) IN GENERAL.—The Secretary of Health and  
24 Human Services (in this section referred to as the “Sec-  
25 retary”) shall establish a program (in this section referred

1 to as the “program”) to award demonstration grants  
 2 under this section to States to allow States to demonstrate  
 3 the effectiveness of innovative ways to increase access to  
 4 health insurance through market reforms and other inno-  
 5 vative means. Such innovative means may include any of  
 6 the following:

7           (1) Alternative group purchasing or pooling ar-  
 8 rangements, such as purchasing cooperatives for  
 9 small businesses, reinsurance pools, or high risk  
 10 pools.

11           (2) Individual or small group market reforms.

12           (3) Consumer education and outreach.

13           (4) Subsidies to individuals, employers, or both,  
 14 in obtaining health insurance.

15           (b) SCOPE; DURATION.—The program shall be lim-  
 16 ited to not more than 10 States and to a total period of  
 17 5 years, beginning on the date the first demonstration  
 18 grant is made.

19           (c) CONDITIONS FOR DEMONSTRATION GRANTS.—

20           (1) IN GENERAL.—The Secretary may not pro-  
 21 vide for a demonstration grant to a State under the  
 22 program unless the Secretary finds that under the  
 23 proposed demonstration grant—

24                   (A) the State will provide for demonstrated  
 25 increase of access for some portion of the exist-

1           ing uninsured population through a market in-  
2           novation (other than merely through a financial  
3           expansion of a program initiated before the  
4           date of the enactment of this Act);

5                 (B) the State will comply with applicable  
6           Federal laws;

7                 (C) the State will not discriminate among  
8           participants on the basis of any health status-  
9           related factor (as defined in section 2791(d)(9)  
10          of the Public Health Service Act), except to the  
11          extent a State wishes to focus on populations  
12          that otherwise would not obtain health insur-  
13          ance because of such factors; and

14                (D) the State will provide for such evalua-  
15          tion, in coordination with the evaluation re-  
16          quired under subsection (d), as the Secretary  
17          may specify.

18          (2) APPLICATION.—The Secretary shall not  
19          provide a demonstration grant under the program to  
20          a State unless—

21                 (A) the State submits to the Secretary  
22          such an application, in such a form and man-  
23          ner, as the Secretary specifies;

24                 (B) the application includes information  
25          regarding how the demonstration grant will ad-



1 dress issues such as governance, targeted popu-  
2 lation, expected cost, and the continuation after  
3 the completion of the demonstration grant pe-  
4 riod; and

5 (C) the Secretary determines that the dem-  
6 onstration grant will be used consistent with  
7 this section.

8 (3) FOCUS.—A demonstration grant proposal  
9 under this section need not cover all uninsured indi-  
10 viduals in a State or all health care benefits with re-  
11 spect to such individuals.

12 (d) EVALUATION.—The Secretary shall enter into a  
13 contract with an appropriate entity outside the Depart-  
14 ment of Health and Human Services to conduct an overall  
15 evaluation of the program at the end of the program pe-  
16 riod. Such evaluation shall include an analysis of improve-  
17 ments in access, costs, quality of care, or choice of cov-  
18 erage, under different demonstration grants.

19 (e) OPTION TO PROVIDE FOR INITIAL PLANNING  
20 GRANTS.—Notwithstanding the previous provisions of this  
21 section, under the program the Secretary may provide for  
22 a portion of the amounts appropriated under subsection  
23 (f) (not to exceed \$5,000,000) to be made available to any  
24 State for initial planning grants to permit States to de-

1 velop demonstration grant proposals under the previous  
 2 provisions of this section.

3 (f) AUTHORIZATION OF APPROPRIATIONS.—There  
 4 are authorized to be appropriated \$100,000,000 for each  
 5 fiscal year to carry out this section. Amounts appropriated  
 6 under this subsection shall remain available until ex-  
 7 pended.

8 (g) STATE DEFINED.—For purposes of this section,  
 9 the term “State” has the meaning given such term for  
 10 purposes of title XIX of the Social Security Act.

11 **SEC. 11. LIMITATIONS ON CONFLICTS OF INTEREST.**

12 (a) LIMITATION ON CONFLICTS OF INTEREST IN  
 13 MARKETING ACTIVITIES.—

14 (1) TITLE XXI.—Section 2105(c) of the Social  
 15 Security Act (42 U.S.C. 300aa–5(c)) is amended by  
 16 adding at the end the following new paragraph:

17 “(8) LIMITATION ON EXPENDITURES FOR MAR-  
 18 KETING ACTIVITIES.—Amounts expended by a State  
 19 for the use of an administrative vendor in marketing  
 20 health benefits coverage to low-income children  
 21 under this title shall not be considered, for purposes  
 22 of subsection (a)(2)(D), to be reasonable costs to ad-  
 23 minister the plan unless the following conditions are  
 24 met with respect to the vendor:

1           “(A) The vendor is independent of any en-  
 2           tity offering the coverage in the same area of  
 3           the State in which the vendor is conducting  
 4           marketing activities.

5           “(B) No person who is an owner, em-  
 6           ployee, consultant, or has a contract with the  
 7           vendor either has any direct or indirect finan-  
 8           cial interest with such an entity or has been ex-  
 9           cluded from participation in the program under  
 10          this title or title XVIII or XIX or debarred by  
 11          any Federal agency, or subject to a civil money  
 12          penalty under this Act.”.

13          (b) PROHIBITION OF AFFILIATION WITH DEBARRED  
 14          INDIVIDUALS.—

15               (1) MEDICAID.—Section 1903(i) of such Act  
 16          (42 U.S.C. 1396b(i)) is amended—

17                   (A) by striking the period at the end of  
 18                  paragraph (20) and inserting “; or”; and

19                   (B) by inserting after paragraph (20) the  
 20                  following new paragraph:

21                   “(21) with respect to any amounts expended for  
 22                  an entity that receives payments under the plan  
 23                  unless—

24                           “(A) no person with an ownership or con-  
 25                          trol interest (as defined in section 1124(a)(3))

1 in the entity is a person that is debarred, sus-  
 2 pended, or otherwise excluded from partici-  
 3 pating in procurement or non-procurement ac-  
 4 tivities under the Federal Acquisition Regula-  
 5 tion; and

6 “(B) such entity has not entered into an  
 7 employment, consulting, or other agreement for  
 8 the provision of items or services that are mate-  
 9 rial to such entity’s obligations under the plan  
 10 with a person described in subparagraph (A).”.

11 (2) TITLE XXI.—Section 2107(e)(1) of such Act  
 12 (42 U.S.C. 1397gg(e)(1)), as amended by sections  
 13 5(b) and 7(c)(3), is further amended by adding at  
 14 the end the following new subparagraph:

15 “(F) Section 1902(a)(67) (relating to pro-  
 16 hibition of affiliation with debarred individ-  
 17 uals).”.

18 (c) EFFECTIVE DATE.—The amendments made by  
 19 this section shall apply to expenditures made on or after  
 20 the date of the enactment of this Act.

21 **SEC. 12. INCREASE IN CHIP ALLOTMENT FOR EACH OF FIS-**  
 22 **CAL YEARS 2002 THROUGH 2004.**

23 Paragraphs (5), (6), and (7) of Section 2104(a) of  
 24 the Social Security Act (42 U.S.C. 1397dd(a)) are amend-

1 ed by striking “\$3,150,000,000” each place it appears and  
 2 inserting “\$4,150,000,000”.

3 **SEC. 13. DEMONSTRATION PROGRAMS TO IMPROVE MED-**  
 4 **ICAID AND CHIP OUTREACH TO HOMELESS**  
 5 **INDIVIDUALS AND FAMILIES.**

6 (a) **AUTHORITY.**—The Secretary of Health and  
 7 Human Services may award demonstration grants to not  
 8 more than 7 States (or other qualified entities) to conduct  
 9 innovative programs that are designed to improve out-  
 10 reach to homeless individuals and families under the pro-  
 11 grams described in subsection (b) with respect to enroll-  
 12 ment of such individuals and families under such pro-  
 13 grams and the provision of services (and coordinating the  
 14 provision of such services) under such programs.

15 (b) **PROGRAMS FOR HOMELESS DESCRIBED.**—The  
 16 programs described in this subsection are as follows:

17 (1) **MEDICAID.**—The program under title XIX  
 18 of the Social Security Act (42 U.S.C. 1396 et seq.).

19 (2) **CHIP.**—The program under title XXI of  
 20 such Act (42 U.S.C. 1397aa et seq.).

21 (3) **TANF.**—The program under part of A of  
 22 title IV of such Act (42 U.S.C. 601 et seq.).

23 (4) **SAMHSA BLOCK GRANTS.**—The program  
 24 of grants under part B of title XIX of the Public  
 25 Health Service Act (42 U.S.C. 300x–1 et seq.).

1           (5) FOOD STAMP PROGRAM.—The program  
2           under the Food Stamp Act of 1977 (7 U.S.C. 2011  
3           et seq.).

4           (6) WORKFORCE INVESTMENT ACT.—The pro-  
5           gram under the Workforce Investment Act of 1999  
6           (29 U.S.C. 2801 et seq.).

7           (7) WELFARE-TO-WORK.—The welfare-to-work  
8           program under section 403(a)(5) of the Social Secu-  
9           rity Act (42 U.S.C. 603(a)(5)).

10          (8) OTHER PROGRAMS.—Other public and pri-  
11          vate benefit programs that serve low-income individ-  
12          uals.

13          (c) APPROPRIATIONS.—For the purposes of carrying  
14          out this section, there is appropriated, out of any funds  
15          in the Treasury not otherwise appropriated, \$10,000,000,  
16          to remain available until expended.

17       **SEC. 14. AUTHORITY TO PAY MEDICAID EXPANSION COSTS**  
18                               **FROM TITLE XXI APPROPRIATION.**

19          (a) AUTHORITY TO PAY MEDICAID EXPANSION  
20          COSTS FROM TITLE XXI APPROPRIATION.—Section  
21          2105(a) of the Social Security Act (42 U.S.C. 1397ee(a))  
22          is amended—

23               (1) in paragraph (1)—

1 (A) by inserting “CHILD HEALTH ASSIST-  
 2 ANCE UNDER THIS TITLE.—Expenditures” be-  
 3 fore “for child health assistance”;

4 (B) by striking “; and” at the end and in-  
 5 serting a period; and

6 (C) by redesignating such paragraph as  
 7 subparagraph (D) and indenting appropriately;  
 8 (2) in paragraph (2)—

9 (A) in subparagraph (A), by striking “for  
 10 payment”;

11 (B) by inserting “ASSISTANCE AND ADMIN-  
 12 ISTRACTIVE EXPENDITURES SUBJECT TO  
 13 LIMIT.—Expenditures” before “only to the ex-  
 14 tent”;

15 (C) by redesignating subparagraphs (A)  
 16 through (D) as clauses (i) through (iv), respec-  
 17 tively, and indenting appropriately; and

18 (D) by redesignating such paragraph as  
 19 subparagraph (E) and indenting appropriately;

20 (3) by striking “(a) IN GENERAL.—” and all  
 21 that follows up to subparagraph (D), as so redesign-  
 22 ated, and inserting the following:

23 “(a) ALLOWABLE EXPENDITURES.—

24 “(1) IN GENERAL.—Subject to the succeeding  
 25 provisions of this section, the Secretary shall pay to

each State with a plan approved under this title, from its allotment under section 2104, an amount for each quarter equal to the enhanced FMAP (or, in the case of expenditures described in subparagraph (B), the Federal medical assistance percentage (as defined in the first sentence of section 1905(b))) of the following expenditures in the quarter:

“(A) CHILD HEALTH ASSISTANCE UNDER MEDICAID.—Expenditures for child health assistance under the plan for targeted low-income children in the form of providing medical assistance for expenditures described in the fourth sentence of section 1905(b).

“(B) MEDICAID PRESUMPTIVE ELIGIBILITY FOR CHILDREN.—Expenditures for the provision of medical assistance on behalf of a child during a presumptive eligibility period under section 1920A.

“(C) RESERVED.—[reserved].”; and

(4) by adding at the end the following new paragraphs:

“(2) ORDER OF PAYMENTS.—Payments under a subparagraph of paragraph (1) from a State’s allotment for expenditures described in each such sub-



1 paragraph shall be made on a quarterly basis in the  
 2 order of such subparagraph in such paragraph.

3 “(3) NO DUPLICATIVE PAYMENT.—In the case  
 4 of expenditures for which payment is made under  
 5 paragraph (1), no payment shall be made under title  
 6 XIX.”.

7 (b) ELIMINATION OF REQUIREMENT TO REDUCE  
 8 TITLE XXI ALLOTMENT BY MEDICAID EXPANSION  
 9 COSTS.—Section 2104 of such Act (42 U.S.C. 1397dd)  
 10 is amended by striking subsection (d).

11 (c) AUTHORITY TO TRANSFER TITLE XXI APPRO-  
 12 PRIATIONS TO TITLE XIX APPROPRIATION ACCOUNT AS  
 13 REIMBURSEMENT FOR MEDICAID EXPENDITURES FOR  
 14 MEDICAID EXPANSION SERVICES.—Notwithstanding any  
 15 other provision of law, all amounts appropriated under  
 16 title XXI of the Social Security Act and allotted to a State  
 17 pursuant to subsection (b) or (c) of section 2104 of such  
 18 Act (42 U.S.C. 1397dd) for fiscal years 1998 through  
 19 2000 (including any amounts that, but for this provision,  
 20 would be considered to no longer be available) and not ex-  
 21 pended in providing child health assistance or related serv-  
 22 ices for which payment may be made pursuant to subpara-  
 23 graph (D) or (E) of section 2105(a)(1) of such Act (42  
 24 U.S.C. 1397ee(a)(1)), as redesignated by subsection (a),  
 25 shall be available to reimburse the Grants to States for

1 Medicaid account in an amount equal to the total pay-  
 2 ments made to such State under section 1903(a) of such  
 3 Act (42 U.S.C. 1396b(a)) for expenditures in such years  
 4 for medical assistance described in subparagraphs (A) and  
 5 (B) of section 2105(a)(1) of such Act (42 U.S.C.  
 6 1397ee(a)(1)), as so amended.

7 (d) CONFORMING AMENDMENTS.—

8 (1) SECTION 1905(b).—Section 1905(b) of such  
 9 Act (42 U.S.C. 1396d(b)) is amended in the fourth  
 10 sentence by striking “the State’s allotment under  
 11 section 2104 (not taking into account reductions  
 12 under section 2104(d)(2)) for the fiscal year reduced  
 13 by the amount of any payments made under section  
 14 2105 to the State from such allotment for such fis-  
 15 cal year” and inserting “the State’s allotment under  
 16 section 2104”.

17 (2) SECTION 1905(u).—Section 1905(u)(1)(B)  
 18 of such Act (42 U.S.C. 1396d(u)(1)(B)) is amended  
 19 by striking “and section 2104(d)” and inserting  
 20 “and section 2105(a)(1)”.

21 (3) SECTION 2104.—Section 2104 of such Act  
 22 (42 U.S.C. 1397dd), as amended by subsection (b),  
 23 is further amended—

24 (A) in subsection (b)(1), by striking “and  
 25 subsection (d)”;

1 (B) in subsection (c)(1), by striking “sub-  
2 ject to subsection (d),”.

3 (4) SECTION 2105(c).—Section 2105(c) of such  
4 Act (42 U.S.C. 1397ee(c)) is amended—

5 (A) in paragraph (2)(A), by striking all  
6 that follows “Except as provided in this para-  
7 graph,” and inserting “the amount of payment  
8 that may be made under subsection (a) for a  
9 fiscal year for expenditures for items described  
10 in paragraph (1)(E) of such subsection shall  
11 not exceed 10 percent of the total amount of ex-  
12 penditures for which payment is made under  
13 paragraph (1) of such subsection (other than  
14 subparagraph (B)).”;

15 (B) in paragraph (2)(B), by striking “de-  
16 scribed in subsection (a)(2)” and inserting “de-  
17 scribed in subsection (a)(1)(E)”;

18 (C) in paragraph (6)(B), by striking “Ex-  
19 cept as otherwise provided by law,” and insert-  
20 ing “Except as provided in subparagraph (A) or  
21 (B) of subsection (a)(1) or any other provision  
22 of law,”.

23 (5) SECTION 2110(a).—Section 2110(a) of such  
24 Act (42 U.S.C. 1397jj) is amended by striking “sec-

1       tion 2105(a)(2)(A)” and inserting “section  
2       2105(a)(1)(E)(i)”.

3       (e)       TECHNICAL       AMENDMENT.—Section  
4 2105(d)(2)(B)(ii) of such Act (42 U.S.C.  
5 1397ee(d)(2)(B)(ii)) is amended by striking “enhanced  
6 FMAP under section 1905(u)” and inserting “enhanced  
7 FMAP under the fourth sentence of section 1905(b)”.

8       (f) EFFECTIVE DATE.—The amendments made by  
9 this section shall be effective as if included in the enact-  
10 ment of the Balanced Budget Act of 1997.

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